given in Rajya Sabha on the 20th August, 1987 and state:

(a) what is the amount of foreign exchange Tatas have failed to remit through the Hongkong Hotel Company;

(b) what is the amount of foreign exchange involved in the over-invoicing and falsification of accounts in regard to consultancy and shareholding in the case of Shri Charanjit Singh; and

(c) what action has been taken in this regard?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) Investigations initiated by the Directorate of Enforcement in respect of one of the Tata companies, namely M/s. Indian Hotel Co. Ltd., are in progress. At this stage, it is not possible to indicate the nature and extent of violation.

(b) and (c) On the basis of investigations completed so far, in the case relating to the companies associated with Shri Charanjit Singh, adjudication proceedings have been initiated by issue of two show cause notices on 26-11-87. Further investigations are in progress.

Loans by the Financial Institutions to Meridien Hotel Project

3261. SHRI SUNIL KUMAR PATTNAIK: Will the Minister of FINANCE be pleased to state:

(a) what are the total loans given by the various financial institutions and nationalised banks to Maridien Hotel Project and what is the investment of the promoters;

(b) what are the prices at which commercial space has been sold, and the total amount realised from these sales and whether these prices are realistic; and

(c) what is the amount of loan given during the year 1987?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) and (c) The Industrial Finance Corporation of India (IFCI) has reported that the loan assistance disbursed by the financial institutions and nationalised banks as at the end of Sept., 1987 to the C.J. International Hotels Limited (CJIHL) for their project to set up a hotel by name 'The Meridien" was Rs. 33 27 crores. In addition, bridge loan against underwriting assistance was given for a total amount of Rs. 4.61 crores. Out of the amount disbursed, Rs 4.50 crores were disbursed during Jan—Sept. 1987. The promoters of CJIHL have contributed Rs. 9 crores as share capital and Rs. 1 crore as unsecured loans upto the end of Sept., 1987.

(b) IFCI has also reported that CJIHL has raised an amount of Rs. 8.18 crores by way of shop deposits through commercial areas sold/leased out at prices negotiated and finalised with individnal parties. As per the financing pattern approved by the financial institutions, an amount of Rs. 9 crores so raised would go towards meeting the cost over-run of the project.

Guest Houses Maintained by Big Industrial Houses

3262. SHRI B. SATYANARAYAN REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether Government are aware that some big industrial houses are evading income-tax by showing huge expenses on maintenance of Guest Houses while in practice these Guest Houses are used as residential houses of Directors of those companies;

(b) how many Guest Houses are maintained by the Modi Group of Companies in Delhi/New Delhi; and

(c) the annual expenditure incurred on these Guest Houses during the last three years?

THE MINISTER OF STATE IN THE DEPARTMENT OF EXPENDITURE IN THE MINISTRY OF FINANCE (SHRI B. K. GADHVI): (a) Misuse of guest houses is no longer a mode of tax evasion as expenditure on maintenance of guest houses is not allowed as business expenditure in view of the specific provisions in the Income-tax Act in this regard.

(b) and (c) A statement is laid on the Table of the House.

Statement

The Modi Group of Companies, assessed in Delhi, are maintaining 9 Guest Houses in Delhi|New Delhi. The annual expenditure on these guest houses for 1985-86, 1986-87 and 1987-88 (assessment years), available in the Tax Audit Report of the com- panies, are as under:—

S. No.	Name of the company	Assessment year	Amount of expenditure (in Rupees).
1	Modipon Ltd.	1985-86	1,08,000
		1986-87	1,62,000
		1987-88	1,54,000
2	Modi Industries Ltd.	1985-86	18,30,000
		1986-87	No assessment made as accounting year was changed.
		1987-88	9,44,670
3	Modi Spg. & Wvg. Mills Ltd. . . .	1985-86	6,80,000
		1986-87	8,11,000
		1987-88	4,65,000
4	Modi Rubber Ltd.	1985-86	5,66,841
		1986-87	5,35,394
		1987-88	19,46,630
5	Modi Zerox	1985-86	Nil
		1986-87	Nil
		1987-88	5,97,313

However, the entire expenditure, as is found to have been really incurred for maintenance of all these guest houses, is not to be allowed as business expenditure under the law.